

**NORTHERN TAR,
CHEMICAL AND WOOD
LIMITED**

AND ITS SUBSIDIARY COMPANIES

**six month
report
june 30, 1972**

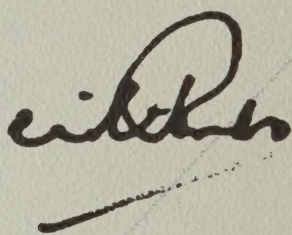
REPORT TO THE SHAREHOLDERS

As outlined on the accompanying statement, consolidated net earnings for the first six months were substantially higher than the 1971 period. Significant gains from operations were made in the second quarter when pre-tax profits of \$226,400 were realized.

To ensure full advantage of the current lumber demand woods' production and hauling were stepped up and the lumber sawmill was operated on a two-shift basis for the entire period.

Because of continuing losses the Prince Albert plant was closed in early May but was reopened in mid-June following the negotiation of an agreement with the Saskatchewan Timber Board to deliver a guaranteed volume of products for handling and treating. The agreement expires on December 15th and prior to that date every avenue will be explored to consummate a sale of the assets. The North Battleford plant and its related equipment have already been sold.

All indicators point to a continuation of a buoyant lumber market until well into the third quarter. We therefore anticipate further profitability for your Company during the balance of the year.



W.R. Parks,
President.

THUNDER BAY, Ont.
July 27, 1972

	1972	1971
	6 Months ended June 30th	6 Months ended June 30th
EARNINGS		
Sales (net)	\$4,743,751	\$4,061,269
Earnings (loss) from operations	207,254	36,430
Earnings (loss) before income taxes	63,895	(112,745)
Provision for income taxes	28,290	(57,693)
Earnings (loss) before extraordinary items	35,605	(55,052)
Extraordinary income (net)	42,107	20,560
Net earnings (loss) for the period	<u>77,712</u>	<u>(34,492)</u>
Basic earnings (loss) per common share		
Before extraordinary income	\$ 0,02	\$ (0.19)
Net earnings (loss) for the period	\$ 0,12	\$ (0.15)

SOURCE AND APPLICATION OF FUNDS

Source of Funds

Net earnings (loss) for the period	\$ 77,712	\$ (34,492)
Items not affecting funds		
Depreciation	148,693	138,872
Deferred income taxes	66,349	2,325
Amortization of financing costs	3,269	3,268
Funds from operations	<u>296,023</u>	<u>109,973</u>
Ontario Development Corporation loan	--	44,061
Investments	1,500	--
Term loan	<u>22,890</u>	<u>84,731</u>
	<u>320,413</u>	<u>238,765</u>

Application of funds

Additions to fixed assets (net)	83,409	278,992
Reduction of long-term debt	16,574	2,850
Redemption of preference shares	3,206	--
Payment of dividends on preference shares	25,397	26,520
Adjustments-prior years	3,577	--
	<u>132,163</u>	<u>308,362</u>
Increase (decrease) in working capital for the period	\$ 188,250	\$ (69,597)
Working capital, June 30th	<u>\$1,260,175</u>	<u>\$1,009,464</u>

AR17